The obligation requires carriers to submit detailed revenue information for purposes of calculating each carrier's contribution to universal service support mechanisms, but it will also enable the Commission to calculate all reporting carriers' interim compensation obligations.

Finally, the Public Notice (p. 4) seeks comment on whether the Commission should require LECs that carry toll traffic to pay interim compensation, and if so, what data it should use to determine the LECs' payment obligations. Such a requirement is crucial to ensuring that all carriers pay for the services they receive from payphones.[24] Many LECs provide, and often heavily promote, interstate and intrastate access code and subscriber 800 services, and they collect significant revenues from such services. For example, many LECs, including NYNEX, SNET, GTE, U S WEST, Pacific Bell and Ameritech have issued their own calling cards that rely upon 800 access codes. Others, such as Bell Atlantic, promote interstate "corridor" calling using a 10XXX access code. LECs also provide local subscriber 800 services which, when accessed from a payphone, are subject to the compensation duty. Accordingly, the Commission must require LECs to pay interim compensation for the payphone costs associated with this traffic. The Commission should

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[24] See D.C. Circuit Order, slip op. at 18.

base the LECs' allocation of the interim obligation on all of their interstate and intrastate toll revenues.

B. The Presubscribed Carrier Should Pay The Per-Call Compensation Amount To RBOCs For 0+ Traffic Only Where The Carrier Is Already Tracking Calls.

In response to the D.C. Circuit's concern that the Commission did not order compensation for 0+ calls for which the PSP is not already compensated pursuant to a contract with the presubscribed IXC,[25] the Public Notice (p. 4) seeks comment on how the RBOCs or other similarly situated PSPs should be compensated for these calls during the interim period. The Notice (id.) specifically seeks comment on whether IXCs can simply pay the rate the Commission sets for these calls because, presumably, the IXCs already track the calls as part of a commission contract with the location owner. AT&T agrees that multiplying the number of calls it has received from contracted payphones by the rate the Commission sets is workable where IXCs contract with a location owner for the payment of commissions.[26]

However, the Public Notice mistakenly assumes that all payphones are subject to a commission contract with the

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[25] Slip op. at 18-19.

[26] As indicated in the Public Notice (p. 5), it would similarly be workable to pay interim compensation for 0+ calls from inmate phones in this manner.

location owner.[27] In fact, there are some RBOC payphones for which AT&T is the presubscribed carrier but which are not subject to a commission contract, and AT&T accordingly does not track 0+ calls from these phones. Thus, AT&T (and presumably other such presubscribed IXCs) could not track 0+ calls in order to pay compensation for such calls from the RBOC payphones. However, AT&T anticipates that most of such phones are at locations such as local stores that maintain only one or two phones for the convenience of their customers, and that such phones generate very small amounts of 0+ traffic; otherwise the location owners would have sought commission arrangements with their chosen carrier. Thus, the effects of excluding such phones, especially for the interim period only, will likely be small. In all events, the compensation scheme described in the Public Notice will generate some overcompensation of the RBOCs for 0+ calls at contracted phones, because LECs do not send IXCs data that enable them to distinguish 0+ calls from calls dialed with 10XXX access codes.

[27] AT&T does not believe that there are any non-contracted inmate phones.

C. The Commission Has Ample Authority To Retroactively Adjust The Compensation Rate And To Require A Refund Of All Payments Made By IXCs For The Entire Time Period For Which The PSPs Received Compensation Under The Commission's Order.

The Public Notice (p. 5) seeks comment on the Commission's authority to "impose retroactive adjustments to the payment obligations and compensation levels that are incurred under [the] existing rules," and whether that authority extends to all payments made since October 1996 or only to those payments made since the Court's remand. It is clear that the Commission may effect any appropriate retroactive adjustments where, as here, those adjustments are designed to "undo what is wrongfully done" by an order found to be arbitrary and capricious by a reviewing court.

In United Gas Improvement Co. v. Callery Properties, Inc.,[28] the Supreme Court upheld the Federal Power Commission's authority to order retroactive refunds of payments that had been required by a prior FPC order that was subsequently overturned on review by the Court of Appeals. As the Court explained:

> While the Commission 'has no power to make reparation orders,' its power to fix rates under §5 being prospective only, it is not so restricted where its order, which never became final, has been overturned by a reviewing court. Here the original certificate orders were subject to judicial review; and judicial review at times results in the return of benefits received under

[28] 382 U.S. 223 (1965).

the upset administrative order. An agency, like a court, can undo what is wrongfully done by virtue of its order.[29]

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[29] 382 U.S. at 229 (citations omitted). Applying the holding in Callery, numerous decisions by the D.C. Circuit have upheld agency orders providing for retroactive adjustments of payment obligations where those adjustments were designed to "undo" the effects of a prior order that had been held on judicial review to be "arbitrary and capricious," or otherwise unlawful. See Western Resources, Inc. v. FERC, 72 F.3d 147, 151-52 (D.C. Cir. 1995); Transwestern Pipeline Co. v. FERC, 59 F.3d 222, 228-29 (D.C. Cir. 1995); Public Util. Comm'n of Cal. v. FERC, 988 F.2d 154, 161-66 (D.C. Cir. 1993); Natural Gas Clearinghouse v. FERC, 965 F.2d 1066, 1073-75 (D.C. Cir. 1992). As the Court of Appeals reasoned, if the Commission were to lack retroactive "corrective power," parties "would be substantially and irreparably injured by [Commission] errors, and judicial review would be powerless to protect them from [many] of the losses so incurred." Natural Gas Clearinghouse, 965 F.2d at 1074-75. In short, although an agency is generally precluded from promulgating rules with retroactive effect,[29] that rule "does not apply to the Commission's general discretionary authority to correct its legal errors." Natural Gas Clearinghouse, 965 F.2d at 1073.

Significantly, the D.C. Circuit has expressly rejected attempts to limit the "Callery principle" to corrective orders requiring "retroactive refunds . . . rather than retroactive surcharges," Natural Gas Clearinghouse, 965 F.2d at 1073, and has further made clear that an agency's authority to correct its legal errors through retroactive rate orders applies not only when an order is found to be substantively unlawful but also when the original order was remanded "because of [the Commission's] failure to engage in reasoned decisionmaking." PUC of Calif., 988 F.2d at 162; Tarpon Transmission Co. v. FERC, 860 F.2d 439, 440 (D.C. Cir. 1988) (demonstrating that underlying order at issue in Natural Gas Clearinghouse has been "remand[ed] for further consideration by the Commission" due to "want of reasoned decisionmaking").

Accordingly, the Commission may order the PSPs retroactively to refund some or all of the payments made by IXCs from the time that the PSPs started receiving compensation under the Commission's September 20, 1996 order,[30] and may similarly impose a retroactive charge on those smaller IXCs and LECs who had been improperly exempted by the Commission from the compensation obligation.[31]

The Commission's authority to order such retroactive adjustments, moreover, is not affected by the Communications Act's general prohibition on retroactive ratemaking. It is well established that the ban on retroactive ratemaking "derives from the filed rate doctrine."[32] Because PSPs are not common carriers and are

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[30] The Commission should also refund the interim compensation payments made for payphones from which access code calls were illegally blocked. According to the 1996 Final Report of the Compliance and Information Bureau (dated August 14, 1996), access codes were blocked from 5.3 percent of the public use phones that the Commission surveyed, including payphones.

[31] Indeed, the D.C. Circuit appears to have created a presumption in favor of the agency ordering refunds. In Allied-Signal v. NRC, the Court stated that if the NRC concluded that the burden of some regulated firms should be lower under a new, non-arbitrary rule, those firms should be entitled to refunds of the difference between the fee amount that they paid under the old rule and the amount that they would have been due under the new rule. 988 F.2d 146, 152 (D.C.Cir. 1992).

[32] Southern Calif. Edison Co. v. FERC, 805 F.2d 1068, 1070 n.2 (D.C. Cir. 1986); PUC of California, 988 F.2d at 161; TRT Communications Corp. v. FCC, 857 F.2d 1535, 1547 (D.C. Cir. 1988).

not subject to the §203 duty to file tariffs, the filed rate doctrine and the ban on retroactive ratemaking "ha[ve] no application" here.[33]

Such retroactive adjustments are clearly warranted here. The Commission has ordered, and IXCs have paid, excessive compensation rates that the D.C. Circuit found arbitrary and capricious and that are far in excess of fair compensation to PSPs. Moreover, the paying IXCs have been required to bear financial burdens that are legally the direct responsibility of other carriers. Therefore, the Commission should order a complete true-up of all interim compensation payments to rectify the effects of its prior unlawful orders.

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[33] TRT Communications Corp., 857 F.2d at 1546-47. And even if the general rule against retroactive ratemaking did apply, the D.C. Circuit has held "in a number of cases" that "where a [party] is induced by a Commission decision" to make payments, and "a judicial decision invalidates a key element of the Commission's approach, the presence of the court challenge may adequately notify customers," thus satisfying the "purposes of the filed rate doctrine and the rule against retroactive ratemaking." Western Resources, 72 F.3d at 151.

CONCLUSION

For the reasons set forth above and in AT&T's prior comments in this proceeding, the Commission should:

(a) set the payphone compensation rate at 11 cents per call;

(b) set the interim per phone compensation rate at $14.41 per month per phone;

(c) require all carriers, including LECs, to participate in the payment of interim per phone compensation on the basis of their total toll revenues; and

(d) order a complete true-up among IXCs and PSPs of all payphone compensation paid or received prior to the issuance of the Commission's order on remand.

Respectfully submitted,

AT&T CORP.

By: _____

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August 26, 1997

State of New Jersey)
) ss:
County of Somerset)

AFFIDAVIT OF DAVID ROBINSON

DAVID ROBINSON, being duly sworn, deposes and says:

1. I am a District Manager in AT&T Corp.'s Consumer Sales Division. Since 1993, I have been responsible for managing all aspects of AT&T's payphone station placement operations, including the financial and procurement functions necessary to operate and maintain AT&T's approximately 6,000 coin and 23,000 coinless payphones. I have been employed by AT&T for 27 years. Prior to accepting my current position, I had payphone product management responsibilities from 1991 to 1993. From 1984 to 1991, I worked at AT&T Consumer Products in positions related to the manufacturing of telephone sets, including coin and coinless payphone stations. Prior to 1984, I held various positions in purchasing, engineering and marketing and sales support divisions within AT&T. I submit this affidavit in support of AT&T's comments in response to the Commission's Public Notice, 97-1673, dated August 5, 1997, which explain the significant differences in the costs of providing different types of calls from payphones.

2. As shown below, I conclude that the average costs associated with providing coinless calls from a payphone are approximately 11 cents per call. Further, the costs to PSPs of such coinless calls are about 55 percent less than the costs of local coin calls.

3. My conclusions are based on an analysis which I and persons under my supervision conducted to determine the average monthly costs to operate (i) a "dumb" coin station with a local exchange carrier ("LEC") central-office controlled coin line, (ii) a "smart" coin station, and (iii) a coinless payphone station. My analysis covers all of the major aspects of owning and maintaining payphones, including, equipment costs; maintenance and related costs; coin collection costs; line costs, including call completion costs; and other payphone-related costs. AT&T operates "smart" coin phones and coinless phones, and I used AT&T-specific data as the source for the costs associated with such phones. For the costs associated with dumb coin phones and certain other costs for all payphones, I used public financial reports published by several PSPs, prices I have obtained from vendors and trade publications, as well as data contained in the current record in this proceeding. The results of my analysis and the backup data used in the analysis are attached as Appendices 1 and 2 to this affidavit.

Equipment Costs

4. One of the differences between the costs of local coin calls and coinless calls is the fact that the latter do not require special equipment in the phone itself to rate calls or to determine whether the calling party has deposited the necessary amount of coins. Smart payphones perform both of these functions using technology located in the phone itself. Dumb payphones perform these functions through a combination of equipment in the phone (the coin slot, coin box and signaling equipment that detects when coins have been deposited) and functionalities in the serving LEC switch. None of these functions are required for, or used by, carriers that receive coinless calls from payphones.

5. Thus, as the first step in my analysis, I reviewed the costs of purchasing and installing various types of payphone equipment. Based on AT&T's procurement process and commonly available pricing information in the trade press, new smart payphones cost about $900-$1200 and dumb coin phones cost about $600-$800 per unit, while coinless phones only cost about $200-$250 for 11A-type units. For purposes of my analysis, I used average costs of $1050 for smart payphones, $700 for dumb payphones and $225 for coinless phones.

6. Even though many coinless phones are installed in locations that do not require enclosures, I assumed for purposes of my analysis that similar proportions of all three types of payphones would require identical enclosures and pedestals. Enclosure and pedestal costs vary according to construction material, whether the enclosure is placed indoors or outdoors and whether it includes lighting. For this analysis, I assumed the costs associated with a new commonly used enclosure and pedestal to be approximately $300 per unit. I derived this figure by assuming that 75 percent of enclosures cost $300 and 25 percent of enclosures cost $100, making the average cost of enclosures $250 per enclosure. I also assumed that 50 percent of payphones are not attached to a wall and require a pedestal, which costs, on average, $100 per unit. Therefore, the total average costs for a pedestal and enclosure are $300. Average installation costs for these items, based upon an average labor rate of $60 per hour, is $275.

7. Installation costs for the payphone itself are estimated at $120 for coin phones (of either type) and $60 for coinless phones, based on a labor rate of $60 per hour. The difference is due to the fact that additional testing and programming must be done on coin phones to determine whether they are properly performing the coin

rating and collection functions, which are not used in conjunction with coinless calls.

8. The average LEC line initialization fee of $150 is the same for all types of phones, both coin and coinless.

9. In sum, the costs for purchasing and installing the different types of payphones are as follows (see Appendix 1):

	DUMB	SMART	COINLESS
New Phone	$700	$1,050	$225
Enclosure/Pedestal	300	300	300
Install Enclosure Pedestal	275	275	275
Install Phone	120	120	60
LEC Line Initialization	150	150	150
	$1,545	$1,895	$1,010

10. Next, I calculated the equipment costs based on an 11.25 percent interest on capital factor, and I amortized the equipment and installation costs over 10 years, as suggested by Peoples Telephone Company in its earlier comments in this proceeding (July 1, 1996 Comments at p. 21). I used an 11.25 percent interest of capital factor because it is a reasonable cost of capital to AT&T for this type of equipment, and I agree with Peoples Telephone that 10 years is the reasonable life of an in-service payphone asset (see Appendix 1). Applying these factors to the above costs yields the following monthly

average costs for new equipment, interest on capital and installation:

Dumb coin phone - $18.46/mo.

Smart coin phone - $23.33/mo.

Coinless phone - $11.35/mo.

Thus, the coin-related equipment costs for a local coin call at a dumb coin phone are 63 percent higher than the costs of a coinless call, and the coin-related equipment costs for a local coin call at a smart coin phone are 105 percent higher than the costs for a coinless call.

Maintenance and Related Costs

11. In AT&T's experience, coin phones require significantly more maintenance than coinless phones. This is principally due to two factors. First, coin phones have more parts and are more complex than coinless phones. For example, unlike coinless phones, coin phones have working coin-handling parts which can jam and require service. Thus, they need maintenance more often than coinless phones, and they require more replacement parts than coinless phones. Second, coinless phones do not retain coins and thus are less likely to be vandalized.

12. Accordingly, I analyzed the difference in costs required to maintain and repair coin and coinless phones, including the cost of replacement parts. In this analysis, I assumed a labor rate of $60.00 per hour for

maintenance services based on AT&T's actual maintenance and repair history for coin and coinless phones, including the number of repair visits made to each phone on an annual basis. Based on AT&T's experience, twice as many repair visits are necessary per phone, per year for coin phones than for coinless phones. Further, smart payphones contain the most sophisticated and costly components; thus, the parts for these phones are more expensive than the parts for other payphones. There is no significant difference, however, in the costs for repair and replacement parts for dumb and coinless phones. Maintenance and repair costs on a per month basis for the different types of payphones are as follows:

	DUMB	SMART	COINLESS
Maintenance	$18.47	$18.47	$11.25
Repair Parts	2.62	3.23	2.10
	$21.09	$21.70	$13.35

In sum, maintenance and repair costs associated with local coin calls at smart coin phones are 63 percent higher than maintenance and repair costs for coinless calls from such phones; maintenance and repair costs associated with local coin calls at dumb coin phones are 58 percent higher than maintenance and repair costs for coinless calls from such phones (see Appendix 1).

13. I also analyzed the difference in costs of warehousing and shipping costs for coin and coinless phones

based on AT&T's actual costs incurred to support its base of 29,000 phones. These differences result from the differences described in paragraph 12, as well as the fact that coin phones and parts weigh more and are more costly to ship than coinless phones and parts. Warehouse and shipping costs on a per month basis for the different types of payphones are as follows:

	DUMB	SMART	COINLESS
Warehouse/Shipping	$4.00	$4.00	$2.75

Thus, warehousing and shipping costs for local coin calls from dumb and smart coin phones are 45 percent more than warehousing and shipping costs for coinless calls from such phones (see Appendix 1).

14. I further analyzed the difference in costs for the staff required to support coin phones and coinless phones based on AT&T's staffing costs. Coin phones require more staff support not only because they require more maintenance, but also because extra personnel are required to support coin phone functions, such as coin rating and programming costs. Staff costs for the different types of payphones are as follows:

	DUMB	SMART	COINLESS
Product Mgt., Customer Svc. Staff and Technician Support	$19.00	$19.00	$9.00

Accordingly, staff-related costs for local coin calls from dumb and smart coin phones are 111 percent more than staff-related costs for coinless calls from such phones (see Appendix 1).

Coin Collection and Counting Costs

15. One of the most significant differences in the costs between operating a coin phone and a coinless phone is associated with coin collection and coin counting activities. PSPs do not incur any such costs for coinless calls placed from their payphones.

16. My analysis of the costs attributable solely to coin collection functions is based on the following: first, I assumed that, on average, PSPs collect the coins at a payphone when the total number of coins in the box reaches $100. Next, I assumed, based on the available coin revenues from publicly held PSPs, that the average daily coin revenue at an average use phone is $5.00. This would then require the PSP to collect the coins every 20 days (or 1.5 times per month). AT&T's contracted cost for these services is $13.50 per phone, per collection. At the stated collection rate, this generates a monthly expense of $20.25 per phone, which is 15 percent of the total average monthly payphone costs for a dumb and a smart payphone (see Appendix 1).

Line Costs, Including Call Completion Charges

17. LEC line charges are the single largest expense for PSPs. As shown in Appendices 1 and 2, the average monthly cost of a basic line, including blocking and screening service, is $27.73 for a smart payphone and $32.73 for a coinless payphone.[1] In contrast, the average monthly charge for a LEC coin line for a dumb coin phone is $32.45 because blocking and screening is already included in the basic line charge for these types of phones. The $4.72 difference in cost of the basic line for dumb and smart phones represents the costs for the LEC central office functionalities that are used to measure and rate coin calls. These features are not used by, and provide no benefits to, carriers who receive calls placed from payphones. I derived these figures by averaging the RBOC tariffed rates, attached as Appendix 2, exclusive of usage and the subscriber line charge and other charges described below.

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[1] I used the average tariffed rate that RBOCs charge for blocking and screening service. Blocking and screening is required for dumb, smart and coinless phones to prevent collect and billed-to-third party calls to these phones. Blocking and screening service costs more for coinless phones because these phones require additional blocking and screening capability to prevent direct-dialed 1+ calls from being billed to the phone. Because these screening capabilities are needed for coinless calls, I have included them in the costs of such calls, even though coin payphone operators do not incur such charges.

18. Using an average of LEC tariff rates, I also analyzed the difference in costs to complete local coin calls from dumb and smart coin phones. PSPs incur no costs for local call completion in connection with coinless calls because the carrier incurs all costs to carry the call from the LEC central office to the point of termination. I derived the average LEC tariff rates by taking the difference between the average flat-rate RBOC line charge (which includes either unlimited local usage or a package of local usage) and the average RBOC measured line charge (which includes no usage). I assumed that the difference represents local usage costs. Based on the analysis in Appendix 2, I conclude that call completion costs represent about $15.03 per month (or 30 percent of the total line charges paid by PSPs), and about 11 percent of the total monthly expense for a smart coin phone. For dumb phones, call completion costs represent about $13.86 per month (or about 26 percent of the total line charges paid by PSPs), and about 10 percent of the total monthly expense for a dumb coin phone.

Other Payphone Costs

19. I also included in my analysis the LECs' tariffed subscriber line charge and the costs for 911 and touch tone service, which are the same for all three types

of payphones (see Appendix 1). Accordingly, the total line costs for each type of phone are as follows:

	DUMB	SMART	COINLESS
Basic Line & Blocking/Screening	$32.45	$27.73	$32.73
Local Usage	13.86	15.03	---
Other	1.84	1.84	1.84
SLC	5.83	5.83	5.83
	$53.98	$50.43	$40.40

Summary of Payphone Costs

20. The following summarizes my analysis of the total monthly costs, calculated on a "bottom-up" basis, for operating coinless phones:

Summary of Monthly Coinless Costs

Equipment/Installation	$11.35
Maintenance/Repair	$13.35
Coin Collect., Counting and Rating	$ 0
Warehouse/Shipping	$ 2.75
Prod. Mgmnt., Customer Service., Technician Support	$ 9.00
Basic Line/Block & Screen	$32.73
Local Coin Usage	$ 0
911/TT/SLC	$ 7.67
Total:	$76.85
Divided by 700 calls/mo.	$0.11

In order to determine per-call costs of compensable coinless calls, I divided the total monthly costs for a coinless phone by 700 calls per month, based on the record in Docket No. 96-128 (APCC Comments, filed July 1, 1996, at p. 5).

This results in a cost for coinless calls of 11 cents per call.

21. Alternatively, given the fact that the cost of operating a coin phone are greater than operating a coinless phone, I did a "top-down" analysis of the percentage of a PSP's total costs that are coin-only costs:

SUMMARY OF MONTHLY COSTS

	DUMB COIN			SMART COIN		
	MO. COST	%TOTAL COST	%COIN ONLY COST	MO. COST	% TOTAL COST	%COIN ONLY COST
Equipment/Installation	$18.46	13.5	5.2	$23.33	16.7	8.6
Maintenance/Repair	21.09	15.4	5.7	21.70	15.6	6.0
Coin Collect, Counting & Rating	20.25	14.8	14.8	20.83	14.9	14.9
Warehouse/Shipping	4.00	2.9	.9	4.00	2.9	.9
Product Mgt., Customer Service, Technician Support	19.00	13.9	7.3	19.00	13.6	7.2
Basic Line; Blocking/Screening	32.45	23.7	(.2)	27.73	19.9	(3.5)
Local Coin Usage	13.86	10.1	10.1	15.03	10.8	10.8
911/TT/SLC	7.67	5.6	--	7.67	5.5	0
TOTAL	$136.78	100%	43.8%	$139.29	100%	44.9%

Accordingly, if the Commission were to base its compensation amount on the cost of a local coin call less the costs of coin-related functionalities and the costs of call completion for local coin calls, my analysis shows that the local coin price should be discounted by at least

45 percent. This does not account for commissions paid to location owners and profit associated with coin calls, by which the local coin price must also be discounted.

David Robinson

Sworn to and subscribed
before me this 26th
day of August, 1997.

Notary Public

Peggy C. Brown
Notary Public New Jersey
My Commission Expires August 5, 2002

APPENDIX 1

SUMMARY OF PAYPHONE COST ESTIMATES

	"Dumb" Coin Phone	"Smart" Coin Phone	11A Type Coinless
Capital			
New Phone	$700	$1,050	$225
Enclosure & Pedestal	300	300	300
Per month @ 11.25%, 10 yrs.	13.92	18.79	7.31
Installation (One Time)			
Enclosure/Pedestal	$275	$275	$275
Phone	120	120	60
LEC Line Initialization	150	150	150
Total	545	545	485
Per Month (10 yrs)	4.54	4.54	4.04
Maintenance (mo.)	18.47	18.47	11.25
Repair Parts (mo.)	2.62	3.23	2.10
Coin Collection/Counting (mo.)	20.25	20.25	n/a
Coin Rating (mo.)	n/a	0.58	n/a
Warehouse/Shipping (mo.)	4.00	4.00	2.75
Product, customer serv. Staff	19.00	19.00	9.00
Line Charges			
Basic Line	32.45	27.73	32.73
Local Usage	13.86	15.03	n/a
Other	1.84	1.84	1.84
SLC	5.83	5.83	5.83
sub total	$53.98	$50.43	$40.40
TOTAL MONTHLY COST	$136.78	$139.29	$76.85

APPENDIX 1

BACKUP DETAILS FOR PAYPHONE COST ANALYSIS

Installation

Coin Phone:	2 hours x $60/hr =	$120
Coinless:	1 hour x $60/hr=	$60
Enclosure/Pedestal:	$275 =	$275

Coin=	120+275=	$395
Coinless=	60+275 =	$335

Capital

Dumb Coin Phone:	$600-$800	Ave. $700
Smart Coin Phone:	$900-$1200	Ave. $1050
Coinless 11A:	$200-$250	Ave. $225
Pedestal:	$100	

Enclosure:

75% @ $300		
+25% @ $100	=	$250
50% @ require pedestal	=	$ 50
		$300

Coinless require less Pedestal = $250

	Dumb	Smart	11A
Set/Enc./Ped.	$1000	$1350	$525
Per Mo. @ 11.25%	$13.92	$18.79	$7.31

Warehousing/Shipping

- Based on AT&T expense:
- Warehouse budget: $990.000/year
- Ave Stations= 29,000
- Ave/set/month= $2.84/set/mo.
- Coin phone + because of weight/frequency of repair:

• Coin phone	= $4.00	x	6500=312	
11A	= $2.75	x	5500=181	
Card type	= $2.75	x	11,000=330	(1000/2000)
TL	= $2.00	x	7000=168	
			29,000 991	

Coin Collection and counting etc.

- Assume: $5.00 DAR Based on: (1) PTC's 10Q 9/30/96 Coin Rev $20.93M for 3 mo. for 90% of 38,400 base equates to $6.37 DAR
  (2) LEC phones, on average have lower DAR
  Even @ 100% base = $6.05 DAR

APPENDIX 1

BACKUP DETAILS FOR PAYPHONE COST ANALYSIS

- AT&T coin collection expense + counting = $13.50/ collection

- Assume collection every $100.00
  @ $5.00 DAR x 30 days / $100 = 1.5 collect/ month x $13.50 = $20.25)

Staff Budget Analysis

- AT&T Station Budget

		29,000 sets
HQ, NSSC Staff	$2.5M	$7.18/mo. Coin/11A
DEN CC Customer Support	$2.1M	$6.03/mo. Coin/11A
INDY OPS (APMIN)	$ .8M	$2.30/mo. Coin only
		$15.51/mo.

Adjusted for complexity: Coin 19.00
Coinless 9.00

Maintenance

11A : 1.5 visit/yr x 1.5 hours x $60/hr /12 = $11.25/mo.
Smart Coin: Based on AT&T 6000 coin phones:

19,340 visits x 1 hr x $60 / 6000 / 12	= $16.11
Enclosure $7.00/yr / 12	= $ 0.58
Tax on Main.@ 4% (16.11+.58)	= $ 0.66
Bench Repair:13.50/set/yr	= $ 1.12
TOTAL	$18.47